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### **Lenovo announces overhaul and renewed focus on China**

5    Lenovo has announced a plan to restructure and focus on its home market of China after two years of disappointing performance at what was the world's top PC maker.

Yang Yuanqing, chief executive, took to Weibo, the Chinese social media network, to declare that Lenovo would be reorganised into a consumer-facing division focused on personal computers and smart devices and a business-to-business division to house its data  
10    services.

He also announced that Liu Jun, the respected executive who led the company's 2014 acquisition of smartphone company Motorola Mobility from Google but left in 2014, would return to head the consumer division in its home market.

"The PC industry is changing . . . and China has the fastest-changing smart devices  
15    market," he said. "China is our incubator for new products. In order to take advantage of the new opportunities brought by changes in our industry, we are restructuring."

Lenovo did not respond to requests for comment but an email from Mr Yang to employees that was leaked on Tuesday said improving performance in its home market was crucial after a 67 per cent fall in profits in the final quarter of 2016.

20    "We need to clarify our China strategy," he said, adding that the company needed to "develop products more suited to the Chinese market".

Lenovo, which grew rapidly after buying IBM's PC and server businesses in 2014, was overtaken in the first quarter of this year in global PC sales by Hewlett-Packard for the first time in four years, according to market research firm IDC.

25    Problems for Lenovo extend beyond China. Although all PC makers have struggled over the past five years of declining global sales, HP managed to overtake Lenovo by outperforming the Chinese company in the US, where Lenovo saw its first market share decline for eight years.

Fang Dongxing, an entrepreneur and founder of market consultancy ChinaLabs, welcomed  
30    Mr Liu's return. He said that Lenovo needed a familiar leader who was able to make changes immediately and refocus the business on China.

"Several years ago, the western market was the indicator of the global PC market," he said. "Now the indicator is China. If a product cannot perform well in China, it will perform badly internationally."